

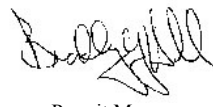
STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☒

APPLICATION FOR PERMIT TO DRILL				1. WELL NAME and NUMBER NBU 1022-35M		
2. TYPE OF WORK DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>				3. FIELD OR WILDCAT NATURAL BUTTES		
4. TYPE OF WELL Gas Well Coalbed Methane Well: NO				5. UNIT or COMMUNITIZATION AGREEMENT NAME NATURAL BUTTES		
6. NAME OF OPERATOR KERR-MCGEE OIL & GAS ONSHORE, L.P.				7. OPERATOR PHONE 720 929-6587		
8. ADDRESS OF OPERATOR P.O. Box 173779, Denver, CO, 80217				9. OPERATOR E-MAIL mary.mondragon@anadarko.com		
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) UTU-037167		11. MINERAL OWNERSHIP FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>		12. SURFACE OWNERSHIP FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>		
13. NAME OF SURFACE OWNER (if box 12 = 'fee')				14. SURFACE OWNER PHONE (if box 12 = 'fee')		
15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee')				16. SURFACE OWNER E-MAIL (if box 12 = 'fee')		
17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')		18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS YES <input type="checkbox"/> (Submit Commingling Application) NO <input checked="" type="checkbox"/>		19. SLANT VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>		
20. LOCATION OF WELL	FOOTAGES	QTR-QTR	SECTION	TOWNSHIP	RANGE	MERIDIAN
LOCATION AT SURFACE	683 FSL 1058 FWL	SWSW	35	10.0 S	22.0 E	S
Top of Uppermost Producing Zone	683 FSL 1058 FWL	SWSW	35	10.0 S	22.0 E	S
At Total Depth	683 FSL 1058 FWL	SWSW	35	10.0 S	22.0 E	S
21. COUNTY UINTAH		22. DISTANCE TO NEAREST LEASE LINE (Feet) 683		23. NUMBER OF ACRES IN DRILLING UNIT 1320		
		25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 1000		26. PROPOSED DEPTH MD: 8100 TVD:		
27. ELEVATION - GROUND LEVEL 5677		28. BOND NUMBER WYB000291		29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE Water permit # 43-8496		

ATTACHMENTS**VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES**

<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input type="checkbox"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)	<input type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER
<input type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)	<input checked="" type="checkbox"/> TOPOGRAPHICAL MAP
NAME Kevin McIntyre	TITLE Regulatory Analyst I
SIGNATURE	DATE 09/03/2008
API NUMBER ASSIGNED 43047500940000	PHONE 720 929-6226
APPROVAL	EMAIL Kevin.McIntyre@anadarko.com
 Permit Manager	

Proposed Hole, Casing, and Cement						
String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Surf	12.25	9.625	0	1850		
Pipe	Grade	Length	Weight			
	Grade J-55 LT&C	1850	36.0			
	Cement Interval	Top (MD)	Bottom (MD)			
		0	1850			
		Cement Description	Class	Sacks	Yield	Weight
			Premium Foamed Cement	215	1.18	15.6

Proposed Hole, Casing, and Cement						
String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Prod	7.875	4.5	0	8100		
Pipe	Grade	Length	Weight			
	Grade I-80 LT&C	8100	11.6			
	Cement Interval	Top (MD)	Bottom (MD)			
		0	8100			
		Cement Description	Class	Sacks	Yield	Weight
			Premium Lite High Strength	370	3.38	11.0
			Pozzuolanic Cement	1310	1.31	14.3



KERR-McGEE OIL & GAS ONSHORE LP DRILLING PROGRAM

COMPANY NAME KERR-McGEE OIL & GAS ONSHORE LP DATE August 23, 2008
 WELL NAME NBU 1022-35M TD 8,100' MD/TVD
 FIELD Natural Buttes COUNTY Uintah STATE Utah ELEVATION 5,677' GL KB 5,692'
 SURFACE LOCATION SWSW 683' FSL & 1058' FWL, SEC.35, T10S, R22E BHL Straight Hole
 Latitude: 39.900058 Longitude: -109.411992 NAD 27
 OBJECTIVE ZONE(S) Wasatch/Mesaverde
 ADDITIONAL INFO Regulatory Agencies: BLM (MINERALS and SURFACE), UDOGM, Tri-County Health Dept.

GEOLOGICAL			MECHANICAL		
LOGS	FORMATION	DEPTH	HOLE SIZE	CASING SIZE	MUD WEIGHT
		40'		14"	
			12-1/4"	9-5/8", 36#, J-55, LTC	Air mist
Catch water sample, if possible, from 0 to 3,919'					
	Green River @	0,940'			
	Top of Birds Nest Water @	1320'			
	Mahogany @	1,682'			
	Preset ff GL @				
		1,850' MD			
Note: 12.25" surface hole will usually be drilled $\pm 400'$ below the bottom of lost circulation zone. Drilled depth may be $\pm 200'$ of the estimated set depth depending on the actual depth of the loss zone.					
Mud logging program TBD Open hole logging program ff TD - surf csg					
	Wasatch @	3,919'	7-7/8"	4-1/2", 11.6#, I-80 or equivalent LTC casing	Water/Fresh Water Mud 8.3-10.0 ppg
	Mverde @	6,122'			
	MVU2 @	6,994'			
	MVL1 @	7,621'			
					Max anticipated Mud required
					11.5 ppg
		TD @ 8,100'			



KERR-McGEE OIL & GAS ONSHORE LP

DRILLING PROGRAM

CASING PROGRAM

	SIZE	INTERVAL	WT.	GR.	CPLG.	DESIGN FACTORS		
						BURST	COLLAPSE	TENSION
CONDUCTOR	14"	0-40'				3520	2020	453000
SURFACE	9-5/8"	0 to 1850	36.00	J-55	LTC	1.15	2.33	8.66
						7780	6350	201000
PRODUCTION	4-1/2"	0 to 8100	11.60	I-80	LTC	2.54	1.31	2.45

- 1) Max Anticipated Surf. Press.(MASP) (Surface Casing) = (Pore Pressure at next csg point-(0.22 psi/ft-partial evac gradient x TVD of next csg point)
- 2) MASP (Prod Casing) = Pore Pressure at TD - (.22 psi/ft-partial evac gradient x TD)
- (Burst Assumptions: TD = 11.5 ppg) .22 psi/ft = gradient for partially evac wellbore
- (Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing*Buoy.Fact. of water)
- MASP 3240 psi

CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE	LEAD	500	Premium cmt + 2% CaCl + .25 pps flocele	215	60%	15.60	1.18
Option 1	TOP OUT CMT (1)	200	20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele	50		15.60	1.18
	TOP OUT CMT (2)	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
SURFACE	Option 2		NOTE: If well will circulate water to surface, option 2 will be utilized				
	LEAD	1500	Prem cmt + 16% Gel + 10 pps gilsonite + .25 pps Flocele + 3% salt BWOC	170	35%	11.00	3.82
	TAIL	500	Premium cmt + 2% CaCl + .25 pps flocele	180	35%	15.60	1.18
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
PRODUCTION	LEAD	3,410'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	370	60%	11.00	3.38
	TAIL	4,690'	50/50 Poz/G + 10% salt + 2% gel + .1% R-3	1310	60%	14.30	1.31

*Substitute caliper hole volume plus 0% excess for LEAD if accurate caliper is obtained

*Substitute caliper hole volume plus 10% excess for TAIL if accurate caliper is obtained

FLOAT EQUIPMENT & CENTRALIZERS

SURFACE	Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring centralizers. Thread lock guide shoe.
PRODUCTION	Float shoe, 1 jt, float collar. Centralize first 3 joints & every third joint to top of tail cement with bow spring centralizers.

ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.

BOPE: 11" 5M with one annular and 2 rams. Test to 5,000 psi (annular to 2,500 psi) prior to drilling out. Record on chart recorder & tour sheet. Function test rams on each trip. Maintain safety valve & inside BOP on rig floor at all times. Kelly to be equipped with upper & lower kelly valves.

Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.

Most rigs have PVT Systems for mud monitoring. If no PVT is available, visual monitoring will be utilized.

DRILLING ENGINEER:

Brad Laney

DATE:

DRILLING SUPERINTENDENT:

Randy Bayne

NBU 1022-35M.xls

DATE:

**NBU 1022-35M
SWSW Sec. 35, T10S,R22E
UINTAH COUNTY, UTAH
UTU-037167**

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. Estimated Tops of Important Geologic Markers:

<u>Formation</u>	<u>Depth</u>
Uinta	0- Surface
Green River	940'
Bird's Nest	1320'
Mahogany	1682'
Wasatch	3919'
Mesaverde	6122'
MVU2	6994'
MVL1	7621'
TD	8100'

2. Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
	Green River	940'
	Bird's Nest	1320'
	Mahogany	1682'
Gas	Wasatch	3919'
Gas	Mesaverde	6122'
Gas	MVU2	6994'
Gas	MVL1	7621'
Water	N/A	
Other Minerals	N/A	

3. Pressure Control Equipment (Schematic Attached)

Please see the Natural Buttes Unit Standard Operating Procedure (SOP).

4. Proposed Casing & Cementing Program:

Please see the Natural Buttes Unit SOP.

5. Drilling Fluids Program:

Please see the Natural Buttes Unit SOP.

6. Evaluation Program:

Please see the Natural Buttes Unit SOP.

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 8100' TD, approximately equals 5022 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3240 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. **Anticipated Starting Dates:**

Drilling is planned to commence immediately upon approval of this application.

9. **Variances:**

*Please see Natural Buttes Unit SOP Onshore Order #2 – Air Drilling Variance
Kerr-McGee Oil & Gas Onshore LP (KMG) respectfully requests a variance to several requirements associated with air drilling outlined in Onshore Order 2*

- *Blowout Prevention Equipment (BOPE) requirements;*
- *Mud program requirements; and*
- *Special drilling operation (surface equipment placement) requirements associated with air drilling.*

This Standard Operating Practices addendum provides supporting information as to why KMG current air drilling practices for constructing the surface casing hole should be granted a variance to Onshore Order 2 air drilling requirements.

The reader should note that the air rig is used only to construct a stable surface casing hole through a historically difficult lost circulation zone. A conventional rotary rig follows the air rig, and is used to drill and construct the majority of the wellbore.

More notable, KMG has used the air rig layout and procedures outlined below to drill the surface casing hole in approximately 675 wells without incident of blow out or loss of life.

Background

In a typical well, KMG utilizes an air rig for drilling the surface casing hole, an interval from the surface to surface casing depths, which varies in depth from 1,700 to 2,800 feet.

The air rig drilling operation does not drill through productive or over pressured formations in KMG field, but does penetrate the Uinta and Green River Formations. The purpose of the air drilling operation is to overcome the severe loss circulation zone in the Green River known as the Bird's Nest while creating a stable hole for the surface casing. The surface casing hole is generally drilled to approximately 500 feet below the Bird's Nest.

Before the surface air rig is mobilized, a rathole rig is utilized to set and cement conductor pipe through a competent surface formation. Generally, the conductor is set at 40 feet. In some cases, conductor may be set deeper in areas that the surface formation is not found competent. This rig also drills the rat and mouse holes in preparation for the surface casing and production string drilling operations.

The air rig is then mobilized to drill the surface casing hole by drilling a 12-1/4 inch hole to just above the Bird's Nest interval with an air hammer. The hammer is then tripped

and replaced with a 12-1/4 inch tri-cone bit. The tri-cone bit is used to drill to the surface casing point, approximately 500 feet below the loss circulation zone (Bird's Nest). The 9-5/8 inch surface casing is then run and cemented in place, thereby isolating the lost circulation zone.

KMG fully appreciates Onshore Order 2 well control and safety requirements associated with a typical air drilling operations. However, the requirements of Onshore Order 2 are excessive with respect to the air rig layout and drilling operation procedures that are currently in practice to drill and control the surface casing hole in KMG Fields.

Variance for BOPE Requirements

The air rig operation utilizes a properly lubricated and maintained air bowl diverter system which diverts the drilling returns to a six-inch blooie line. The air bowl is the only piece of BOPE equipment which is installed during drilling operations and is sufficient to contain the air returns associated with this drilling operation. As was discussed earlier, the drilling of the surface hole does not encounter any over pressured or productive zones, and as a result standard BOPE equipment should not be required. In addition, standard drilling practices do not support the use of BOPE on 40 feet of conductor pipe.

Variance for Mud Material Requirements

Onshore Order 2 also states that sufficient quantities of mud materials shall be maintained or readily accessible for the purpose of assuring adequate well control. Once again, the surface hole drilling operations does not encounter over pressured or productive intervals, and as a result there is not a need to control pressure in the surface hole with a mud system. Instead of mud, the air rigs utilize water from the reserve pit for well control, if necessary. A skid pump which is located near the reserve pit (see attachment) will supply the water to the well bore.

Variance for Special Drilling Operation (surface equipment placement) Requirements

Onshore Order 2 requires specific safety distances or setbacks for the placement of associated standard air drilling equipment, wellbore, and reserve pits. The air rigs used to drill the surface holes are not typical of an air rig used to drill a producing hole in other parts of the US. These are smaller in nature and designed to fit a KMG location. The typical air rig layout for drilling surface hole in the field is attached.

Typically the blooie line discharge point is required to be 100 feet from the well bore. In the case of a KMG well, the reserve pit is only 45 feet from the rig and is used for the drill cuttings. The blooie line, which transports the drill cuttings from the well to the reserve pit, subsequently discharges only 45 feet from the well bore.

Typically the air rig compressors are required to be located in the opposite direction from the blooie line and a minimum of 100 feet from the well bore. At the KMG locations, the air rig compressors are approximately 40 feet from the well bore and approximately 60 feet from the blooie line discharge due to the unique air rig design. The air compressors (see attachment) are located on the rig (1250 cfm) and on a standby trailer (1170 cfm). A booster sits between the two compressors and boosts the output from 350 psi to 2000 psi. The design does put the booster and standby compressor opposite from the blooie line.

Lastly, Onshore Order 2 addresses the need for an automatic igniter or continuous pilot light on the blooie line. The air rig does not utilize an igniter as the surface hole drilling

operation does not encounter productive formations.

Conclusion

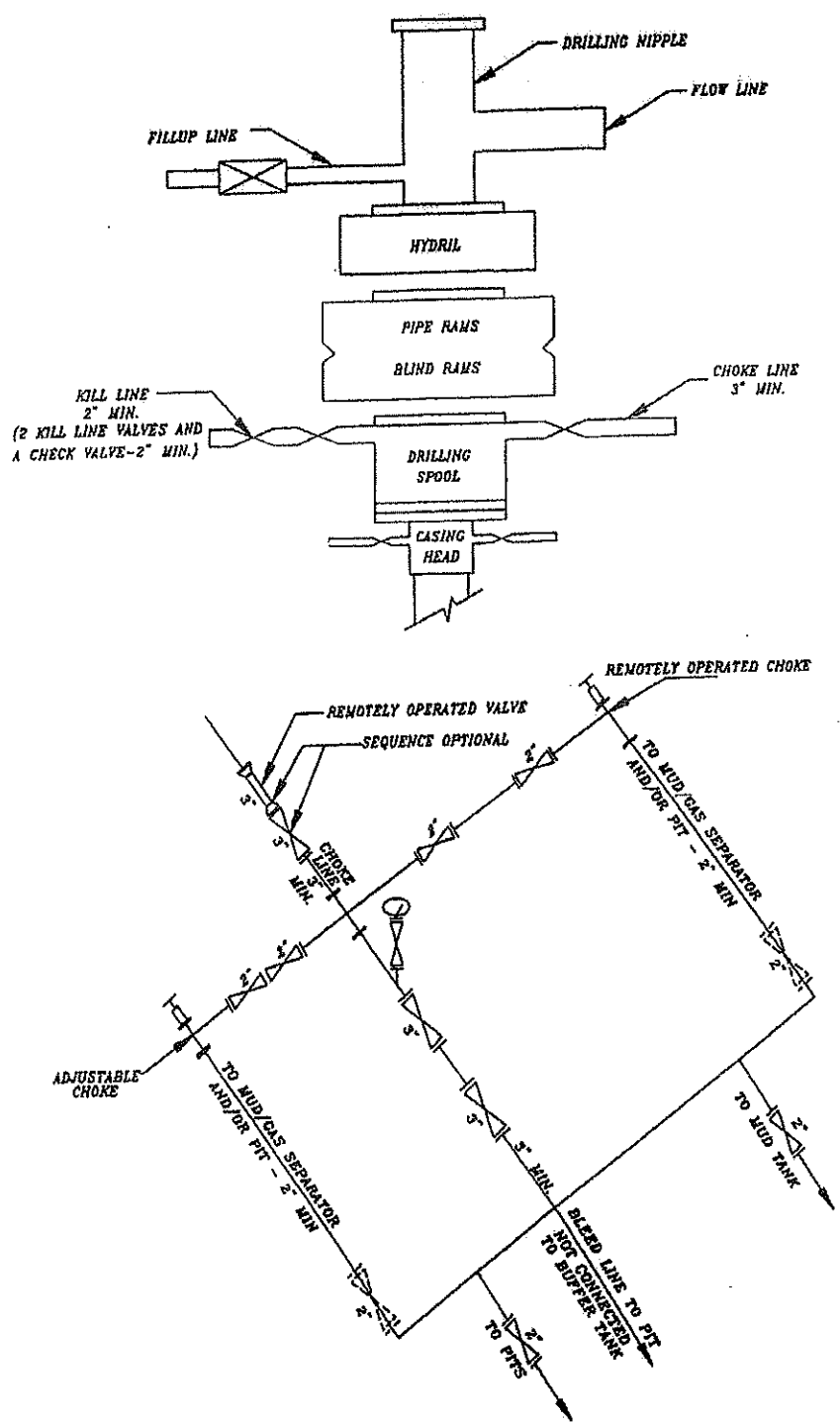
The air rig operating procedures and the attached air rig layout have effectively maintained well control while drilling the surface holes in KMG Fields. KMG respectfully requests a variance from Onshore Order 2 with respect to air drilling well control requirements as discussed above..

10. Other Information:

Please see Natural Buttes Unit SOP.

NBU 1022-35M

EXHIBIT A



SCHEMATIC DIAGRAM OF 5,000 PSI BOP STACK

**NBU 1022-35M
SWSW Sec. 35, T10S, R22E
UINTAH COUNTY, UTAH
UTU-037167**

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. Existing Roads:

Refer to the attached location directions.

Refer to Topo Maps A and B for location of access roads within a 2-mile radius.

2. Planned Access Roads:

Approximately 0.4 mi. +/- of new access road is proposed. Refer to Topo Map B.

Existence of pipelines; maximum grade; turnouts; major cut and fills, culverts, or bridges; gates, cattle guards, fence cuts, or modifications to existing facilities were determined at the on-site.

The access road was centerline flagged during time of staking.

Please see the Natural Buttes Unit Standard Operating Procedure (SOP).

3. Location of Existing Wells Within a 1-Mile Radius:

Please refer to Topo Map C.

4. Location of Existing & Proposed Facilities:

Please see the Natural Buttes Unit SOP.

Refer to Topo Map D for the location of the proposed pipelines.

A 2,822' rights-of-way will be required. Approximately 2,822' of 4" steel pipeline is proposed from the location to the tie-in point in Section 2, T11S, R22E. Please refer to the Topo Map D. The pipeline will be constructed utilizing existing rights where possible and pulled into place using a rubber tired tractor. The pipeline will be butt-welded together.

Variances to Best Management Practices (BMPs) Requested:

Approximately 2,822' of 4" steel pipeline will be installed on surface within the access corridor for the well location. As a Best Management Practice (BMP), the pipeline would be buried within the access road corridor if possible. The construction of pipelines requires the corridor of 30 feet.

This exception to the BMP should be granted by the BLM Authorized Officer because indurated bedrock, such as sandstone, is at or within 2 feet of the surface and the soil has a poor history for successful rehabilitation.

All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The requested color is Carlsbad Canyon Brown (2.5Y 6/2), a non-reflective earthtone.

Interim Surface Reclamation Plan:

This exception is requested due to the current twin and multi-well program. If determined that this well will not be a candidate for either twinning &/or multi-well the operator shall spread the topsoil pile on the location up to the rig anchor points. The location will be reshaped to the original contour to the extent possible. The operator will reseed the area using the BLM recommended seed mixture and reclamation methods.

5. Location and Type of Water Supply:

Please see the Natural Buttes SOP.

6. Source of Construction Materials:

Please see the Natural Buttes SOP.

7. Methods of Handling Waste Materials:

Please see the Natural Buttes SOP.

A plastic reinforced liner is to be used as discussed during on-site inspection. It will be a minimum of **20 mil thick and felt**, with sufficient bedding used to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash or scrap that could puncture the liner will be disposed of in the pit.

Any produced water from the proposed well will be contained in a water tank and will then be hauled by truck to one of the pre-approved disposal sites: RNI, Sec. 5, T9S, R22E, NBU #159, Sec. 35, T9S R21E, Ace Oilfield, Sec. 2, T6S, R20E, MC&MC, Sec. 12, T6S, R19E, Pipeline Facility Sec. 36, T9S, R20E, Goat Pasture Evaporation Pond SW/4 Sec. 16, T10S, R22E, Bonanza Evaporation Pond Sec. 2, T10S, R23E (*Request is in lieu of filing Form 3160-5, after initial production*).

8. Ancillary Facilities:

Please see the Natural Buttes SOP.

9. **Well Site Layout:** (See Location Layout Diagram)

The attached Location Layout Diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s).

Please see the attached diagram to describe rig orientation, parking areas, and access roads.

Location size may change prior to the drilling of the well due to the current rig availability. If the proposed location is not large enough to accommodate the drilling rig. The location will be re-surveyed and a form 3160-5 will be submitted.

10. **Plans for Reclamation of the Surface:**

Please see the Natural Buttes SOP.

upon reclamation of the pit the following seed mixture will be used. A total of 12 lbs/acre will be used if the seeds are drilled (24 lbs/acre if the seeds are broadcast). The per acre requirements for *drilled* seed are:

Crested Wheatgrass	8 lbs.
--------------------	--------

Operator shall call the BLM for the seed mixture when final reclamation occurs.

11. **Surface/Mineral Ownership:**

United States of America
Bureau of Land Management
170 South 500 East
Vernal, UT 84078
(435)781-4400

12. **Stipulations/Notices/Mitigation:**

There are no stipulations at this location.

13. **Other Information:**

A Class III archaeological survey and a paleontological survey have been performed and will be submitted.

This location is not within 460' from the boundary of the Natural Buttes Unit, nor is it within 460' of any non-committed tract lying within the boundaries of the Unit.

13. Lessee's or Operator's Representative & Certification:

Kevin McIntyre
Regulatory Analyst I
Kerr-McGee Oil & Gas Onshore LP
P.O. Box 173779
Denver, CO 80217-3779
(720) 929-6226

Randy Bayne
Drilling Manager
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East
Vernal, UT 84078
(435) 781-7018

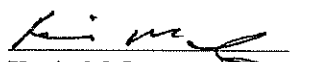
Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

Kerr-McGee Oil & Gas Onshore LP is considered to be the operator of the subject well. Kerr-McGee Oil & Gas Onshore LP agrees to be responsible under the terms and conditions of the lease for the operations conducted upon leased lands.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by Bureau of Land Management Nationwide Bond #WYB000291.

I hereby certify that I, or persons under my supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions that currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by the Operator, its contractors, and subcontractors in conformity with this plan and the terms and conditions under which it is approved.


Kevin McIntyre

8/23/2008
Date

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-35M

SECTION 35, T10S, R22E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 11.2 MILES ON THE SEEP RIDGE ROAD TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 9.6 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 2.6 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY, THEN SOUTHERLY DIRECTION APPROXIMATELY 0.7 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHEAST; TURN RIGHT AND PROCEED IN A SOUTHEASTERLY, THEN EASTELRY DIRECTION APPROXIMATELY 1.3 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHEAST; TURN RIGHT AND PROCEED IN A SOUTHEASTERLY, THEN SOUTHERLY DIRECTION APPROXIMATELY 2.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN RIGHT AND PROCEED IN A NORTHWESTERLY DIRECTION APPROXIMATELY 1.1 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE NORTHEAST; FOLLOW ROAD FLAGS IN A NORTHEASTERLY, THEN NORTHERLY DIRECTION APPROXIMATELY 0.4 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 60.8 MILES.

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-35M

LOCATED IN UTAH COUNTY, UTAH
SECTION 35, T10S, R22E, S.L.B.&M.

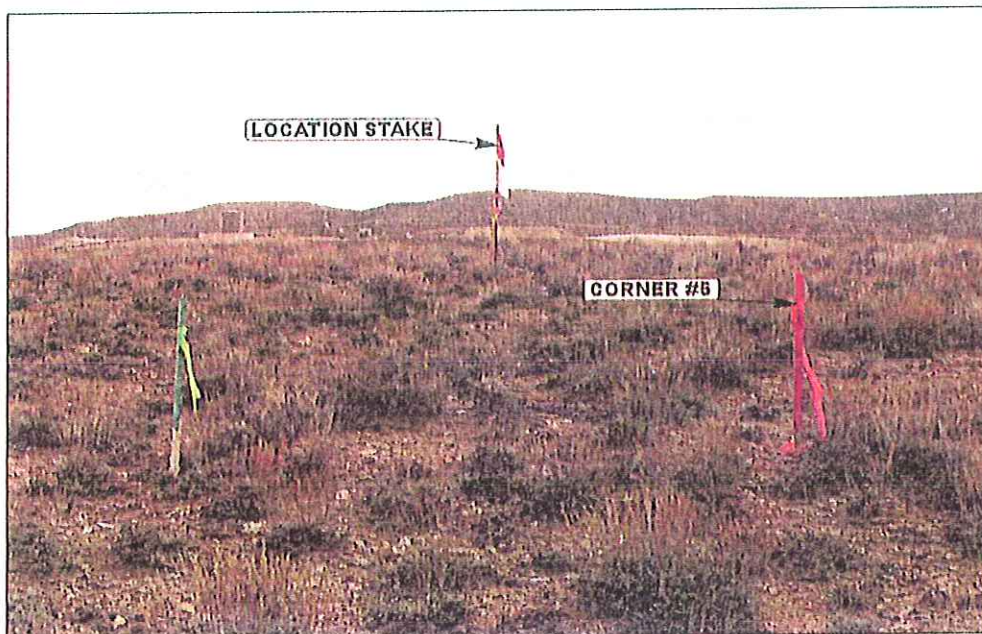


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: EASTERLY

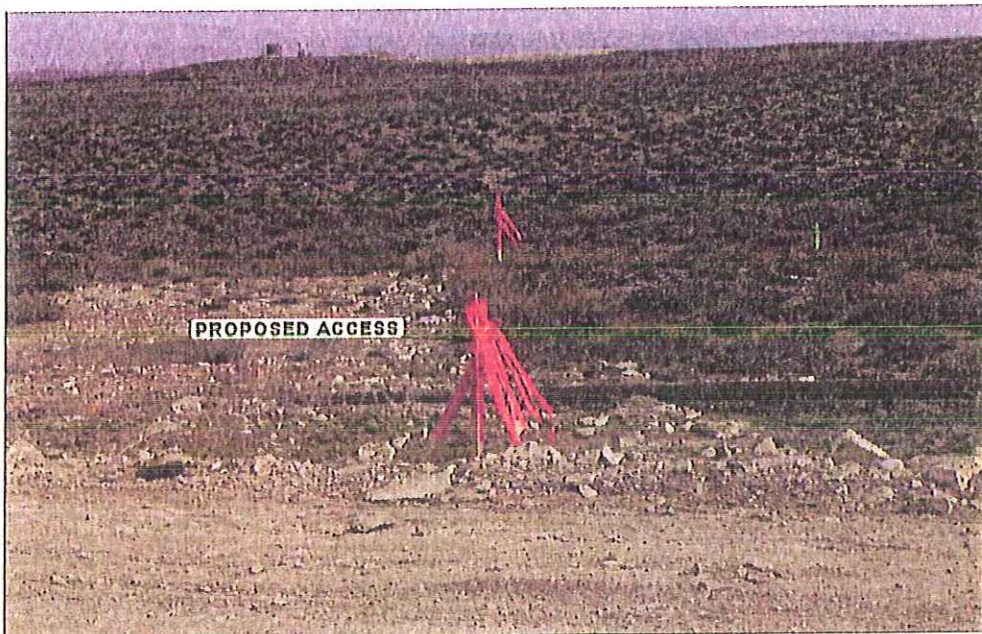


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHEASTERLY



UELS

Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

04 02 08
MONTH DAY YEAR

PHOTO

TAKEN BY: B.B.

DRAWN BY: C.P.

REVISED: 00-00-00

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-35M

PIPELINE ALIGNMENT

LOCATED IN UTAH COUNTY, UTAH
SECTION 35, T10S, R22E, S.L.B.&M.

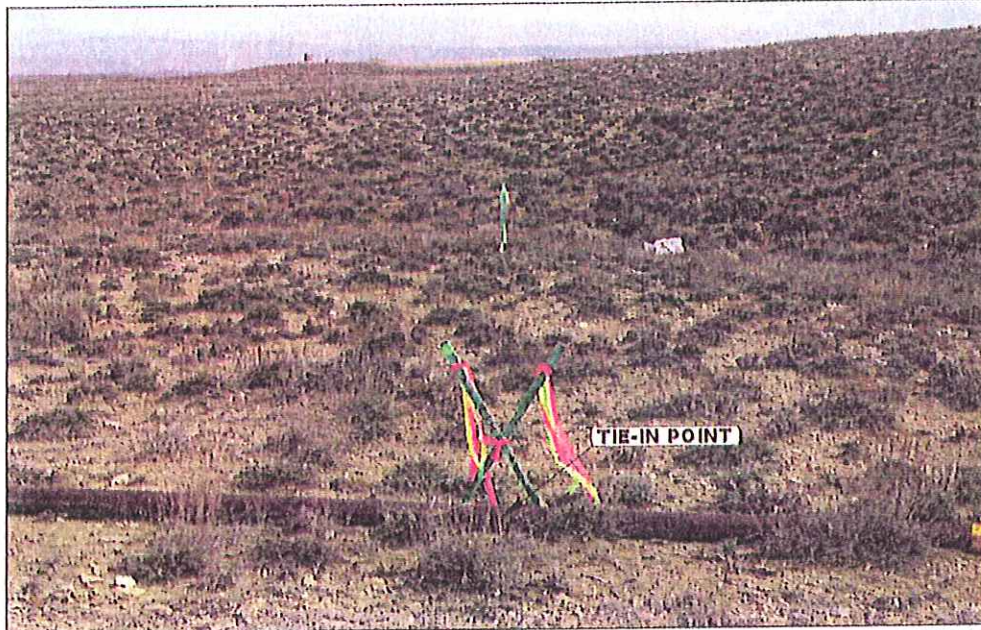


PHOTO: VIEW OF TIE-IN POINT

CAMERA ANGLE: NORTHEASTERLY



PHOTO: VIEW OF PIPELINE

CAMERA ANGLE: NORTHERLY



U
E
L
S

Uintah Engineering & Land Surveying

85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

PIPELINE PHOTOS

04 02 08

MONTH DAY YEAR

PHOTO

TAKEN BY: B.B.

DRAWN BY: C.P.

REVISED: 00-00-00

T10S, R22E, S.L.B.&M.

Kerr McGee Oil & Gas Onshore LP

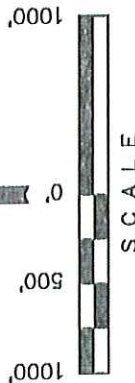
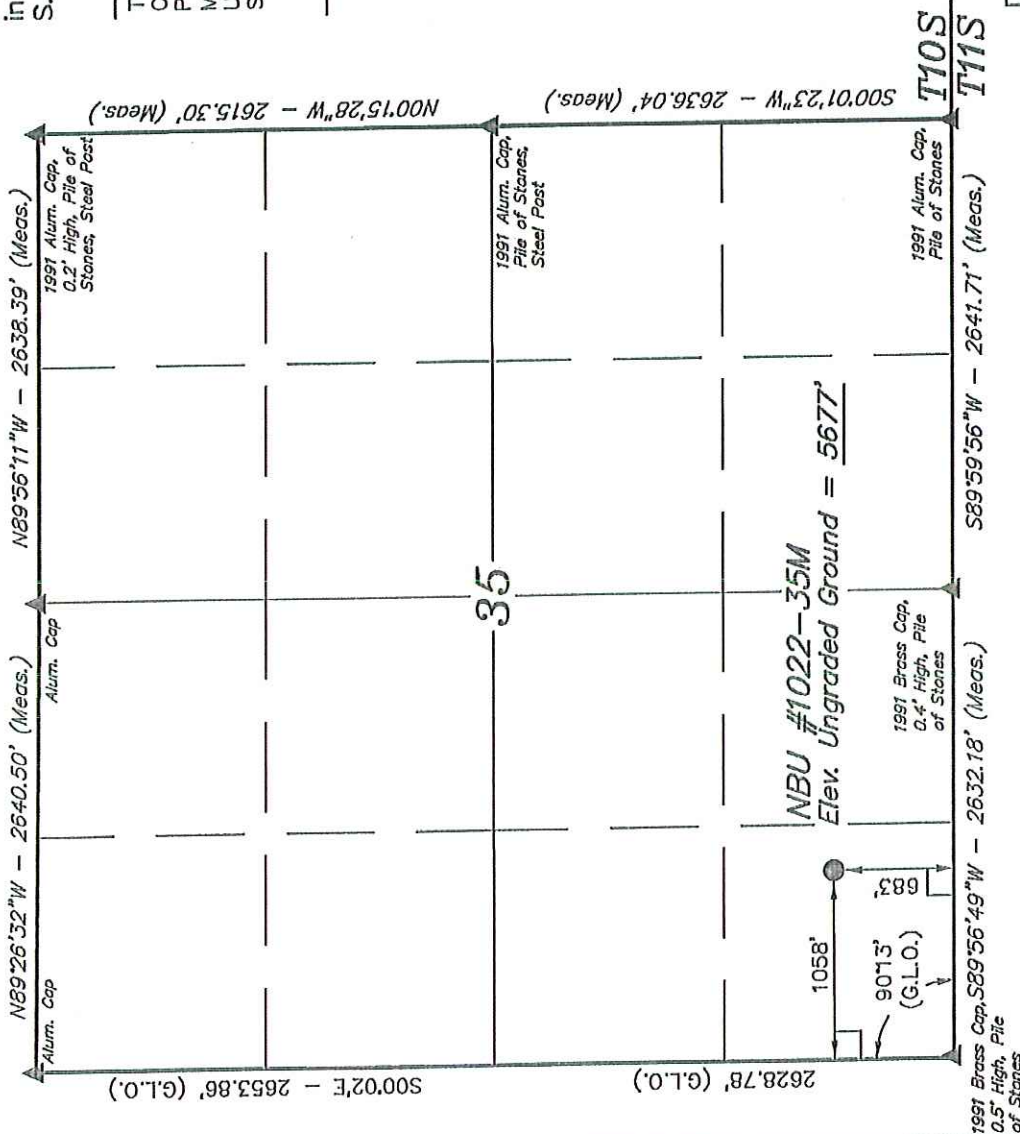
Well location, NBU #1022-35M, located as shown in the SW 1/4 SW 1/4 of Section 35, T10S, R22E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

TWO WATER TRIANGULATION STATION LOCATED IN THE NW 1/4 OF SECTION 1, T10S, R21E, S.L.B.&M. TAKEN FROM THE BIG PACK MTN NE QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5238 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

[Signature]
REGISTERED LAND SURVEYOR
STATE OF UTAH
NO. 151319

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

(NAD 83)
LATITUDE = 39°54'00.09" (39.900025)
LONGITUDE = 109°24'45.62" (109.412672)
(NAD 27)
LATITUDE = 39°54'00.21" (39.900058)
LONGITUDE = 109°24'43.17" (109.411992)

LEGEND:

- = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

SCALE 1" = 1000'	DATE SURVEYED: 3-28-08	DATE DRAWN: 3-31-08
PARTY B.B. K.D. C.P.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE	

Kerr McGee Oil & Gas Onshore LP

Kerr-McGee Oil & Gas Onshore LP

FIGURE #2

TYPICAL CROSS SECTIONS FOR

NBU #1022-35M

SECTION 35, T10S, R22E, S.L.B.&M.

683' FSL 1058' FWL

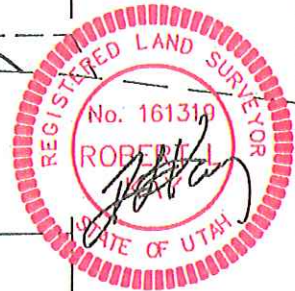
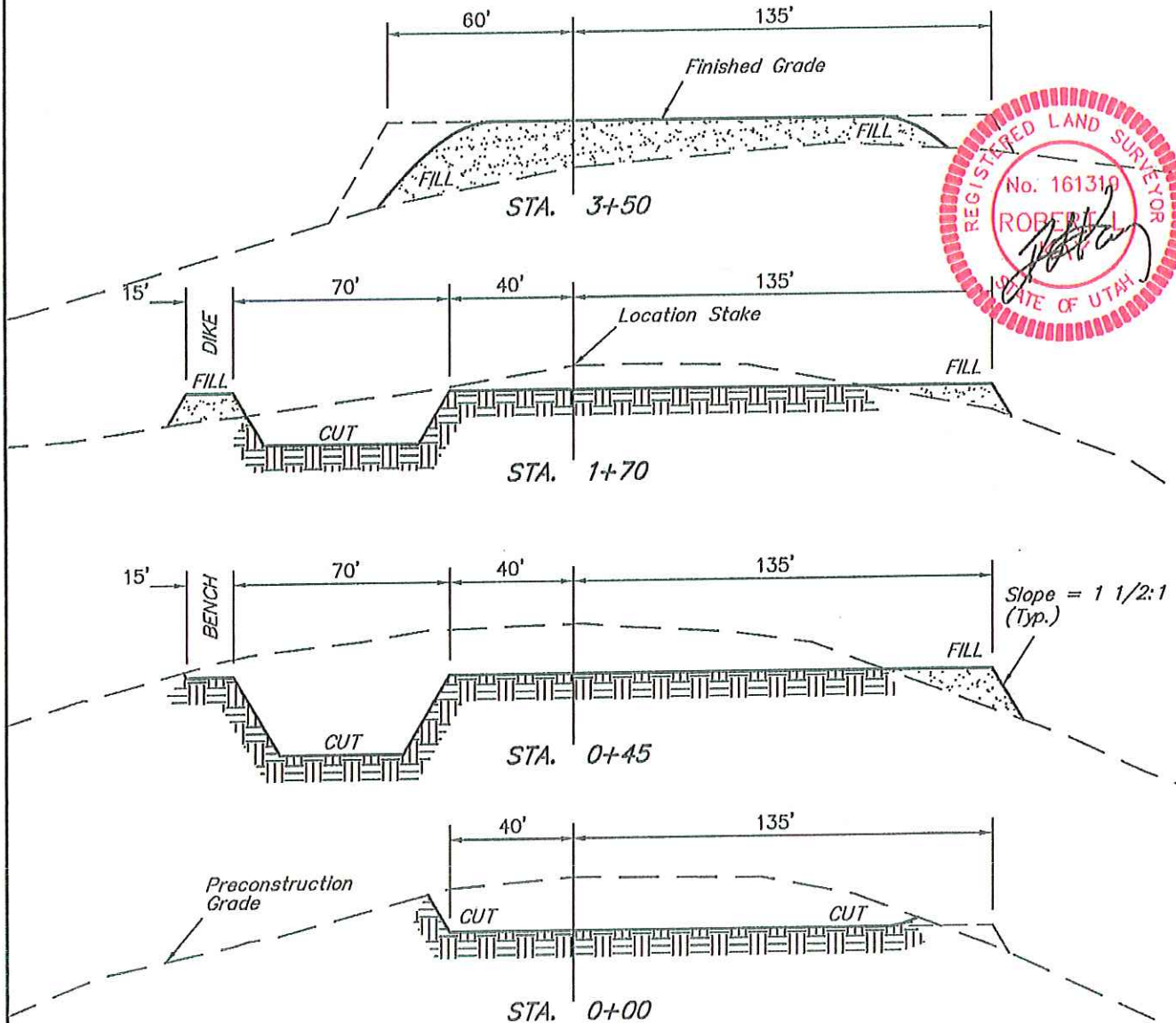
1" = 20'

X-Section
Scale

1" = 50'

DATE: 4-1-08

Drawn By: C.P.



NOTE:

Topsoil should not be
Stripped Below Finished
Grade on Substructure Area.

* NOTE:

FILL QUANTITY INCLUDES
5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,700 Cu. Yds.
Remaining Location	= 7,090 Cu. Yds.
TOTAL CUT	= 8,790 CU.YDS.
FILL	= 5,700 CU.YDS.

EXCESS MATERIAL	= 3,090 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 3,090 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 0 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 788-1017



LEGEND:

● PROPOSED LOCATION



Kerr-McGee Oil & Gas Onshore LP

NBU #1022-35M
SECTION 35, T10S, R22E, S.L.B.&M.
683' FSL 1058' FWL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

**TOPOGRAPHIC
MAP**

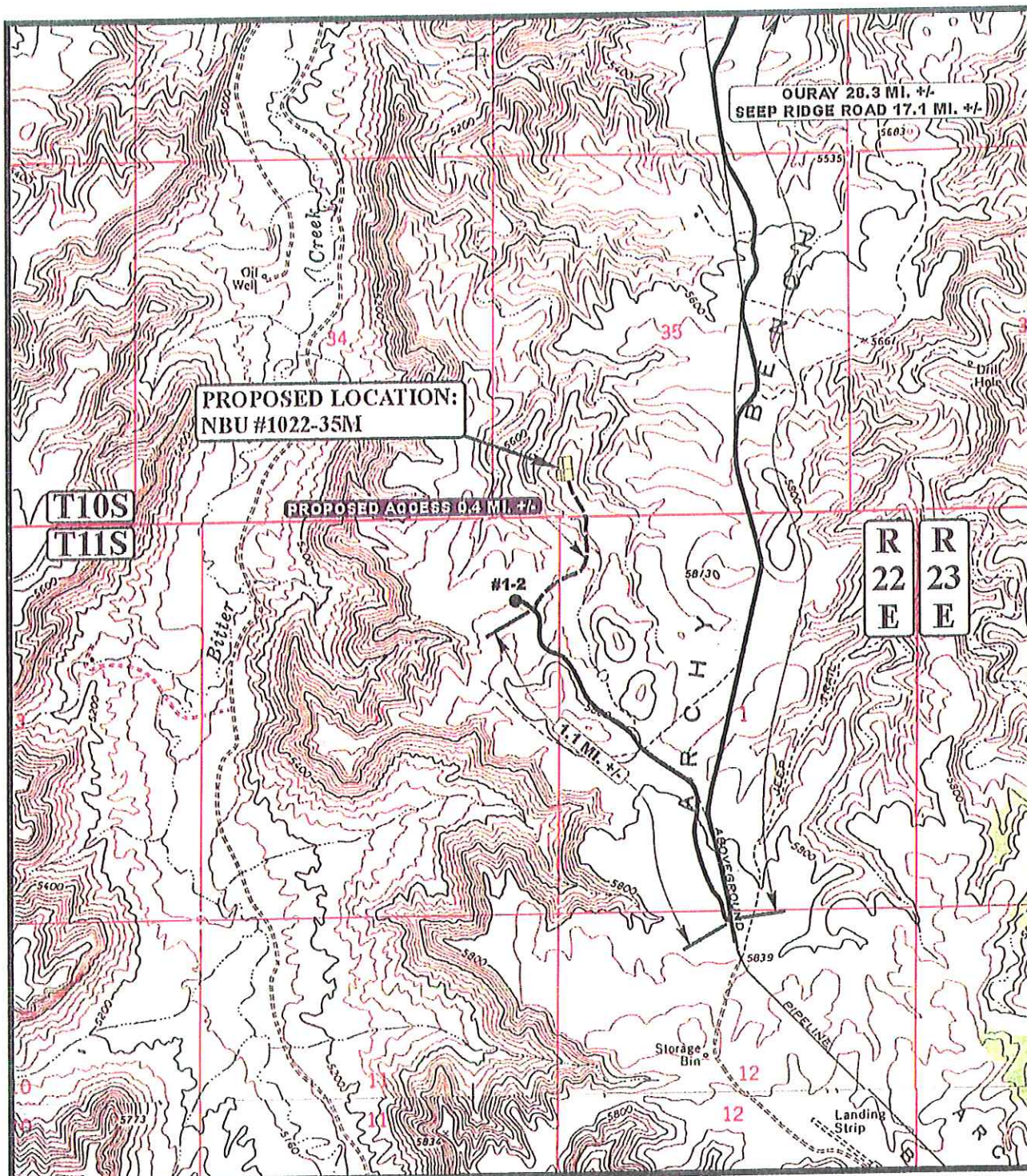
04 02 08
MONTH DAY YEAR

SCALE: 1:100,000

DRAWN BY: C.P.

REVISED: 00-00-00





LEGEND:

— EXISTING ROAD
 - - - - - PROPOSED ACCESS ROAD

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-35M
SECTION 35, T10S, R22E, S.L.B.&M.
683' FSL 1058' FVL

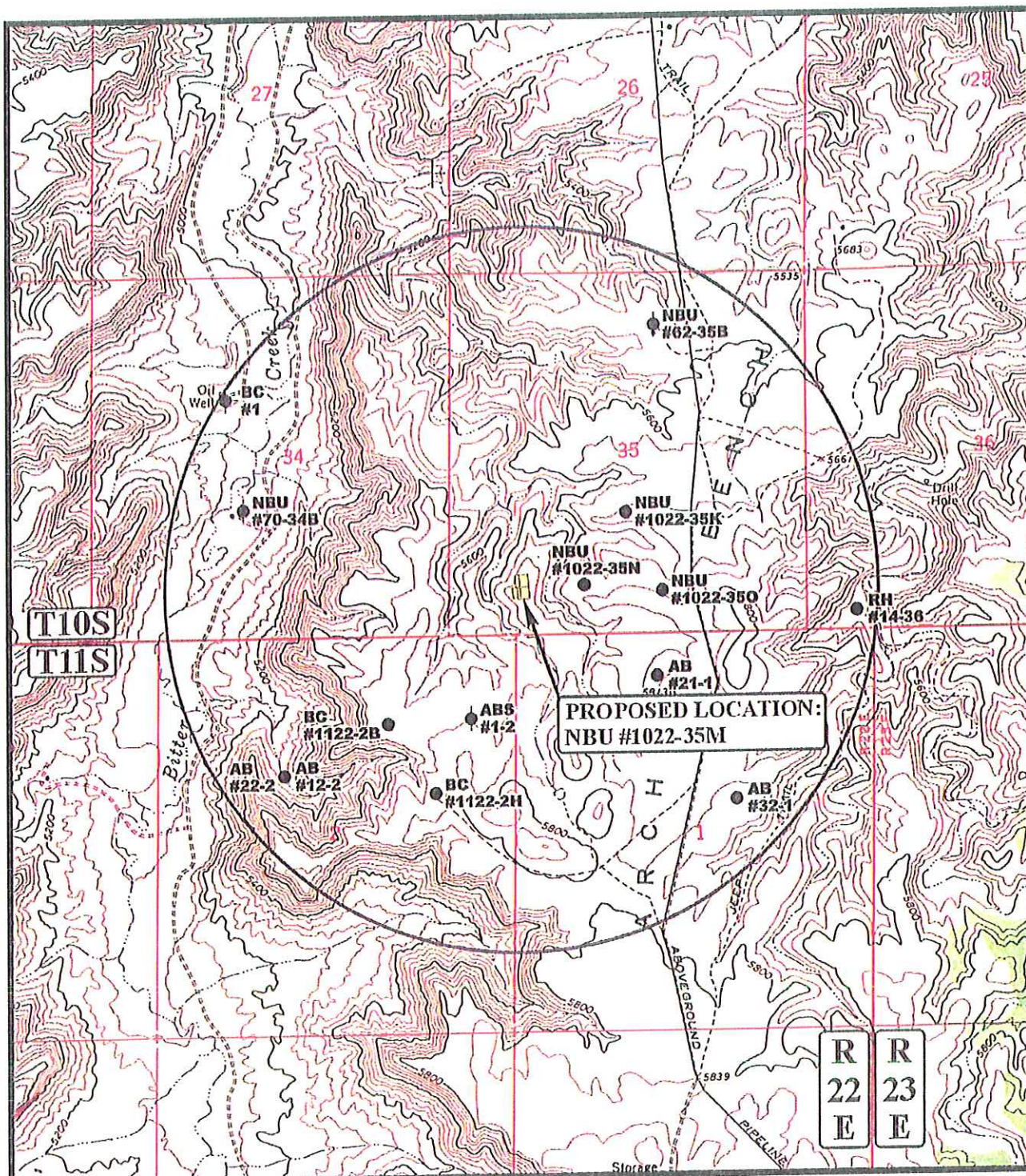


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TOPOGRAPHIC MAP **04 02 08**
 MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00





LEGEND:

- | | |
|-------------------|-------------------------|
| ○ DISPOSAL WELLS | ○ WATER WELLS |
| ● PRODUCING WELLS | ● ABANDONED WELLS |
| ● SHUT IN WELLS | ● TEMPORARILY ABANDONED |



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Kerr-McGee Oil & Gas Onshore LP

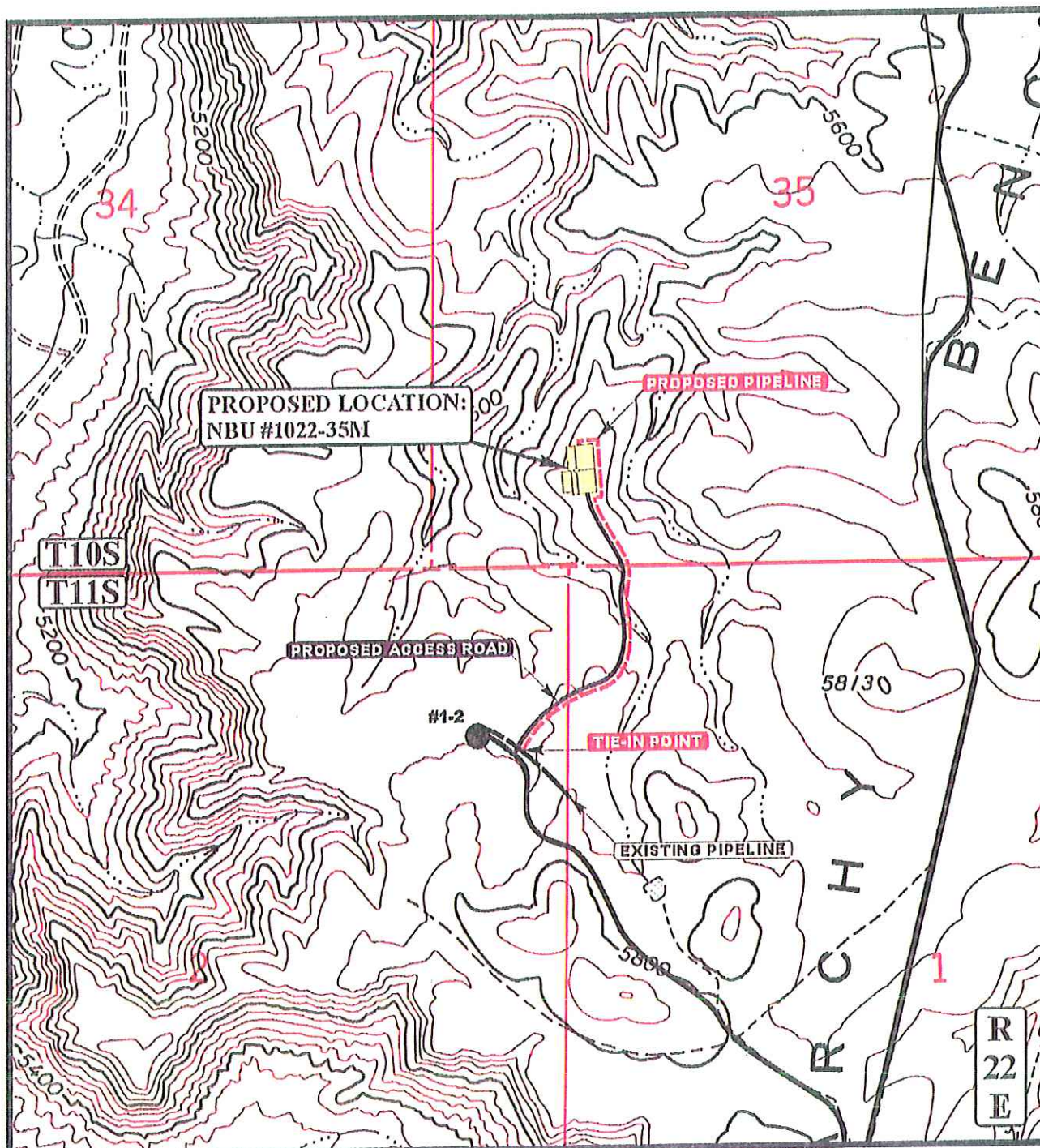
NBU #1022-35M
SECTION 35, T10S, R22E, S.L.B.&M.
683' FSL 1058' FWL

TOPOGRAPHIC
MAP

04 02 08
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 2,822' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- - - EXISTING PIPELINE
- - - PROPOSED PIPELINE

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-35M
SECTION 35, T10S, R22E, S.L.B.&M.
683' FSL 1058' FVL



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**TOPOGRAPHIC
MAP**

04 02 08
MONTH DAY YEAR

SCALE: 1" = 1000' DRAWN BY: C.P. REVISED: 00-00-00

**D
TORO**

CAUSE: 173-14 / 12-2-1999

Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status

-  GAS INJECTION
-  GAS STORAGE
-  LOCATION ABANDONED
-  NEW LOCATION
-  PLUGGED & ABANDONED
-  PRODUCING GAS
-  PRODUCING OIL
-  SHUT-IN GAS
-  SHUT-IN OIL
-  TEMP. ABANDONED
-  TEST WELL
-  WATER INJECTION
-  WATER SUPPLY
-  WATER DISPOSAL
-  DRILLING



PREPARED BY: DIANA MASON
DATE: 26-AUGUST-2008

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:
3160
(UT-922)

September 2, 2008

Memorandum

To: Assistant District Manager Minerals, Vernal District
From: Michael Coulthard, Petroleum Engineer
Subject: 2008 Plan of Development Natural Buttes Unit
Uintah County, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following wells are planned for calendar year 2008 within the Natural Buttes Unit, Uintah County, Utah.

API #	WELL NAME	LOCATION
-------	-----------	----------

(Proposed PZ Wasatch/MesaVerde)

43-047-50098	NBU 1022-27A Sec 27 T10S R22E 1058 FNL 0413 FEL	
43-047-50095	NBU 1022-34E Sec 34 T10S R22E 1687 FNL 1113 FWL	
43-047-50094	NBU 1022-35M Sec 35 T10S R22E 0683 FSL 1058 FWL	
43-047-50093	NBU 1022-34F Sec 34 T10S R22E 1632 FNL 2266 FWL	
43-047-50080	NBU 922-33ET Sec 33 T09S R22E 2446 FNL 0673 FWL	
43-047-50084	NBU 1022-22N Sec 22 T10S R22E 0515 FSL 2467 FWL	
43-047-50086	NBU 1022-1P Sec 01 T10S R22E 0310 FSL 0971 FEL	

This office has no objection to permitting the wells at this time.

/s/ Michael L. Coulthard

bcc: File - Natural Buttes Unit
Division of Oil Gas and Mining
Central Files
Agr. Sec. Chron
Fluid Chron

MCoulthard:mc:9-2-08

WORKSHEET

APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 8/23/2008

API NO. ASSIGNED: 43047500940000

WELL NAME: NBU 1022-35M

OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P. (N2995)

PHONE NUMBER: 720 929-6226

CONTACT: Kevin McIntyre

PROPOSED LOCATION: SWSW 35 100S 220E

Permit Tech Review: ☒

SURFACE: 0683 FSL 1058 FWL

Engineering Review: ☐

BOTTOM: 0683 FSL 1058 FWL

Geology Review: ☒

COUNTY: UINTAH

LATITUDE: 39.90005

LONGITUDE: -109.41196

UTM SURF EASTINGS: 635759.00

NORTHINGS: 4417661.00

FIELD NAME: NATURAL BUTTES

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-037167

PROPOSED FORMATION: WSMVD

SURFACE OWNER: 1 - Federal

COALBED METHANE: NO

RECEIVED AND/OR REVIEWED:

☒ **PLAT**

☒ **Bond:** FEDERAL - WYB000291

☐ **Potash**

☒ **Oil Shale 190-5**

☐ **Oil Shale 190-3**

☐ **Oil Shale 190-13**

☒ **Water Permit:** Water permit # 43-8496

☐ **RDCC Review:**

☐ **Fee Surface Agreement**

☐ **Intent to Commingle**

LOCATION AND SITING:

☐ **R649-2-3.**

Unit: NATURAL BUTTES

☐ **R649-3-2. General**

☐ **R649-3-3. Exception**

☒ **Drilling Unit**

Board Cause No: 173-14

Effective Date: 12/22/1999

Siting: 460' fr u bdry & uncomm. tract

☐ **R649-3-11. Directional Drill**

Comments: Presite Completed

Stipulations: 4 - Federal Approval - dmason
17 - Oil Shale 190-5(b) - dmason



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Permit To Drill

Well Name: NBU 1022-35M
API Well Number: 43047500940000
Lease Number: UTU-037167
Surface Owner: FEDERAL
Approval Date: 9/11/2008

Issued to:

KERR-MCGEE OIL & GAS ONSHORE, L.P. , P.O. Box 173779, Denver, CO 80217

Authority:

Pursuant to Utah Code Ann. §40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of CAUSE: 173-14.

Duration:

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date

General:

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

Conditions of Approval:

State approval of this well does not supercede the required federal approval, which must be obtained prior to drilling.

In accordance with the Order in Cause No. 190-5(b) dated October 28, 1982, the operator shall comply with the requirements of Rules R649-3-31 and R649-3-27 pertaining to Designated Oil Shale Areas. Additionally, the operators shall ensure that the surface and or production casing is properly cemented over the entire oil shale section as defined by Rule R649-3-31. The Operator shall report the actual depth the oil shale is encountered to the division.

Notification Requirements:

Notify the Division with 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

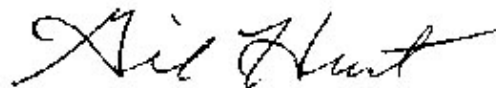
Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dustin Doucet at (801) 538-5281 office (801) 733-0983 home

Reporting Requirements:

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

Approved By:

A handwritten signature in black ink, appearing to read "Gil Hunt", with a stylized, cursive script.

Gil Hunt
Associate Director, Oil & Gas

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9			
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-037167			
1. TYPE OF WELL Gas Well		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:			
2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.		7. UNIT or CA AGREEMENT NAME: NATURAL BUTTES			
3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779		8. WELL NAME and NUMBER: NBU 1022-35M			
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0683 FSL 1058 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SWSW Section: 35 Township: 10.0S Range: 22.0E Meridian: S		9. API NUMBER: 43047500940000			
PHONE NUMBER: 720 929-6007 Ext		9. FIELD and POOL or WILDCAT: NATURAL BUTTES			
COUNTY: Uintah		STATE: UTAH			
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA					
TYPE OF SUBMISSION	TYPE OF ACTION				
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 9/7/2009 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION </td> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER </td> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: _____ </td> </tr> </table>		<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: _____
<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: _____			
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. Kerr-McGee Oil & Gas Onshore, L.P. (Kerr-McGee) respectfully requests an extension to this APD for the maximum time allowed. Please contact the undersigned with any questions and/or comments. Thank you.					
<div style="text-align: right;"> Approved by the Utah Division of Oil, Gas and Mining </div>		Date: <u>September 03, 2009</u> By:			
NAME (PLEASE PRINT) Danielle Piernot		PHONE NUMBER 720 929-6156			
SIGNATURE N/A		TITLE Regulatory Analyst DATE 9/3/2009			



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047500940000

API: 43047500940000

Well Name: NBU 1022-35M

Location: 0683 FSL 1058 FWL QTR SWSW SEC 35 TWP 100S RNG 220E MER S

Company Permit Issued to: KERR-MCGEE OIL & GAS ONSHORE, L.P.

Date Original Permit Issued: 9/15/2008

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- If located on private land, has the ownership changed, if so, has the surface agreement been updated? ☐ Yes ☒ No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? ☐ Yes ☒ No
- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? ☐ Yes ☒ No
- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location? ☐ Yes ☒ No
- Has the approved source of water for drilling changed? ☐ Yes ☒ No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? ☐ Yes ☒ No
- Is bonding still in place, which covers this proposed well? ☒ Yes ☐ No

**Approved by the
Utah Division of
Oil, Gas and Mining**

Signature: Danielle Piernot

Date: 9/3/2009

Title: Regulatory Analyst **Representing:** KERR-MCGEE OIL & GAS ONSHORE,

Date: September 03, 2009

By: 

RECEIVED September 03, 2009

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-037167
1. TYPE OF WELL Gas Well		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.		7. UNIT or CA AGREEMENT NAME: NATURAL BUTTES
3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779		8. WELL NAME and NUMBER: NBU 1022-35M
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PHONE NUMBER: 720 929-6007 Ext		9. FIELD and POOL or WILDCAT: NATURAL BUTTES
COUNTY: UINTAH		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 9/15/2010 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER:

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
 Kerr-McGee Oil & Gas Onshore, L.P. (Kerr-McGee) respectfully requests an extension to this APD for the maximum time allowed. Please contact the undersigned with any questions and/or comments. Thank you.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: September 20, 2010

By:

NAME (PLEASE PRINT) Danielle Piernot	PHONE NUMBER 720 929-6156	TITLE Regulatory Analyst
SIGNATURE N/A		DATE 9/15/2010



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047500940000

API: 43047500940000

Well Name: NBU 1022-35M

Location: 0683 FSL 1058 FWL QTR SWSW SEC 35 TWNP 100S RNG 220E MER S

Company Permit Issued to: KERR-MCGEE OIL & GAS ONSHORE, L.P.

Date Original Permit Issued: 9/15/2008

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- If located on private land, has the ownership changed, if so, has the surface agreement been updated? ☐ Yes ☒ No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? ☐ Yes ☒ No
- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? ☐ Yes ☒ No
- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location? ☐ Yes ☒ No
- Has the approved source of water for drilling changed? ☐ Yes ☒ No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? ☐ Yes ☒ No
- Is bonding still in place, which covers this proposed well? ☒ Yes ☐ No

**Approved by the
Utah Division of
Oil, Gas and Mining**

Signature: Danielle Piernot

Date: 9/15/2010

Title: Regulatory Analyst **Representing:** KERR-MCGEE OIL & GAS ONSHORE, L.P.

Date: September 20, 2010

By: 

RECEIVED September 15, 2010

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9			
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-037167			
1. TYPE OF WELL Gas Well		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:			
2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.		7. UNIT or CA AGREEMENT NAME: NATURAL BUTTES			
3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779		8. WELL NAME and NUMBER: NBU 1022-35M			
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0683 FSL 1058 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SWSW Section: 35 Township: 10.0S Range: 22.0E Meridian: S		9. API NUMBER: 43047500940000			
PHONE NUMBER: 720 929-6515 Ext		9. FIELD and POOL or WILDCAT: NATURAL BUTTES			
COUNTY: UINTAH		STATE: UTAH			
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA					
TYPE OF SUBMISSION	TYPE OF ACTION				
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 8/19/2011 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION </td> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER </td> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: </td> </tr> </table>		<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER:
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12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. Kerr-McGee Oil & Gas Onshore, L.P. (Kerr-McGee) respectfully requests an extension to this APD for the maximum time allowed. Please contact the undersigned with any questions and/or comments. Thank you.					
<div style="text-align: right;"> Approved by the Utah Division of Oil, Gas and Mining Date: 08/22/2011 By: </div>					
NAME (PLEASE PRINT) Gina Becker		PHONE NUMBER 720 929-6086			
SIGNATURE N/A		TITLE Regulatory Analyst II			
		DATE 8/19/2011			



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047500940000

API: 43047500940000

Well Name: NBU 1022-35M

Location: 0683 FSL 1058 FWL QTR SWSW SEC 35 TWNP 100S RNG 220E MER S

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Date Original Permit Issued: 9/15/2008

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- If located on private land, has the ownership changed, if so, has the surface agreement been updated? ☐ Yes ☒ No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? ☐ Yes ☒ No
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- Has the approved source of water for drilling changed? ☐ Yes ☒ No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? ☐ Yes ☒ No
- Is bonding still in place, which covers this proposed well? ☒ Yes ☐ No

Signature: Gina Becker

Date: 8/19/2011

Title: Regulatory Analyst II **Representing:** KERR-MCGEE OIL & GAS ONSHORE, L.P.

RECEIVED Aug. 19, 2011

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

DEC 30 2011

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

BLM

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. UTU037167
2. Name of Operator KERR MCGEE OIL & GAS ONSHORE		6. If Indian, Allottee or Tribe Name
Contact: DANIELLE E PIERNOT Email: danielle.piernot@anadarko.com		7. If Unit or CA/Agreement, Name and/or No. 891008900A
3a. Address 1368 SOUTH 1200 EAST VERNAL, UT 84078	3b. Phone No. (include area code) Ph: 720-929-6156 Fx: 720-929-7156	8. Well Name and No. NBU 1022-35M
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 35 T10S R22E SWSW 683FSL 1058FWL		9. API Well No. 43-047-50094-00-X1
		10. Field and Pool, or Exploratory NATURAL BUTTES
		11. County or Parish, and State UINTAH COUNTY, UT

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Change to Original
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	PD

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Kerr-McGee Oil & Gas Onshore, L.P. (Kerr-McGee) respectfully requests an extension to this APD for the maximum time allowed. The original APD was approved on 1/25/2010.

Please contact the undersigned with any questions and/or comments. Thank you.

Thank you.

CONDITIONS OF APPROVAL ATTACHED

RECEIVED

FEB 03 2012

DIV. OF OIL, GAS & MINING

VERNAL FIELD OFFICE

ENG. 204 1/19/12

GEOL. _____

E.S. _____

PET. _____

REC. _____

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #127051 verified by the BLM Well Information System For KERR MCGEE OIL & GAS ONSHORE L, sent to the Vernal Committed to AFMSS for processing by ROBIN R. HANSEN on 01/11/2012 (12RRH1292SE)	
Name (Printed/Typed) DANIELLE E PIERNOT	Title REGULATORY ANALYST II
Signature (Electronic Submission)	Date 12/30/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>[Signature]</u>	Assistant Field Manager Title Lands & Mineral Resources	JAN 20 2012
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office VERNAL FIELD OFFICE

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

CONDITIONS OF APPROVAL

Kerr McGee Oil and Gas Onshore LP.

Notice of Intent APD Extension

Lease: UTU-037167
Well: NBU 1022-35M
Location: SWSW Sec 35-T10S-R22E

An extension for the referenced APD is granted with the following conditions:

1. The extension and APD shall expire on 01/25/2014.
2. No other extension shall be granted.

If you have any other questions concerning this matter, please contact Robin L Hansen of this office at (435) 781-2777



GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 13, 2012

Jenn Hawkins
Kerr McGee Oil & Gas Onshore, L.P.
1099 18th Street, Suite 1800
Denver, CO 80202

Re: APDs Rescinded for Kerr McGee Oil & Gas Onshore, L.P.
Uintah County

Dear Ms. Hawkins:

Enclosed find the list of APDs that you requested to be rescinded. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective March 7, 2012.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal
SITLA, Ed Bonner



API Number	Well Name
4304750274	NBU 727-35E
4304737762	FEDERAL 920-24G
4304750439	FEDERAL 1022-15L
4304750440	FEDERAL 1022-15K
4304750441	FEDERAL 1021-25I
4304750442	FEDERAL 1021-25M
4304750443	FEDERAL 1021-25N
4304738796	FEDERAL 1022-27K
4304738980	BITTER CREEK 1122-3N
4304737763	FEDERAL 920-24H
4304739156	NBU 1022-24O
4304736573	NBU 1022-23C
4304751040	NBU 920-22L4CS
4304751041	NBU 920-22M1BS
4304751042	NBU 920-22M4BS
4304751051	NBU 920-23L2DS
4304751052	NBU 920-23L4BS
4304738921	NBU 1022-8B-4T
4304739253	NBU 921-15L
4304738159	NBU 1022-20B
4304738169	NBU 1022-28I
4304750464	NBU 922-33N4S
4304750465	NBU 922-33O4S
4304750466	NBU 922-33P2S
4304750467	NBU 922-33P3S
4304738820	LOVE 1121-18B
4304740189	NBU 922-35IT
4304738491	NBU 1022-5H-4
4304750093	NBU 1022-34F
4304750094	NBU 1022-35M
4304750095	NBU 1022-34E
4304750097	FEDERAL 1022-27M
4304750067	NBU 921-16F3S
4304750068	NBU 921-16E4S
4304737103	FEDERAL 1022-29C
4304750127	NBU 420-29E
4304739527	NBU 1021-20F
4304739528	NBU 1021-20E
4304739530	NBU 1021-20B
4304738741	LOVE 1121-7P
4304738742	LOVE 1121-7L
4304738744	LOVE 1121-7F
4304738745	LOVE 1121-7D
4304738747	LOVE 1121-8P
4304738750	LOVE 1121-8F
4304738754	LOVE 1121-15L
4304738755	LOVE 1121-15N
4304739525	NBU 1021-20H
4304738795	NBU 1022-27O
4304738807	NBU 1022-34D
4304738920	NBU 1022-4E-3
4304737547	NBU 1022-17P
4304751050	NBU 920-23L1BS
4304737907	NBU 1021-3L
4304737908	NBU 1021-3D

4304737909	NBU 1021-3H
4304737917	NBU 1021-25E
4304737911	NBU 1021-24C
4304750029	NBU 375-13E
4304750033	NBU 515-25E
4304750034	NBU 673-25E
4304750035	NBU 674-25E
4304737963	NBU 1021-3G
4304737965	NBU 1021-5D
4304737684	NBU 498-13E

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

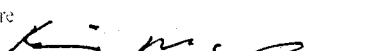
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-037167	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		16. If Indian, Allottee or Tribe Name N/A	
2. Name of Operator Kerr-McGee Oil & Gas Onshore, LP		7. If Unit or CA Agreement, Name and No. 891008900A	
3a. Address P.O. Box 173779, Denver, CO 80217-3779		8. Lease Name and Well No. NBU 1022-35M	
3b. Phone No. (include area code) 720.929.6226		9. API Well No. 43-047-50094	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface SWSW 683' FSL & 1058' FWL LAT 39.900058 LON -109.411992 (NAD 27) At proposed prod. zone N/A		10. Field and Pool, or Exploratory Natural Buttes Field	
14. Distance in miles and direction from nearest town or post office* 29.8 miles southwest of Ouray, Utah		11. Sec., T. R. M. or Blk. and Survey or Area Sec. 35, T 10S, R 22E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 683'		12. County or Parish Uintah	
16. No. of acres in lease 1320		13. State UT	
17. Spacing Unit dedicated to this well 40			
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1000'		19. Proposed Depth 8100	
20. BLM-BIA Bond No. on file WYB000291			
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5,677' GL		22. Approximate date work will start*	
		23. Estimated duration 10 days	

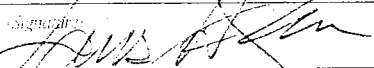
24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature 	Name (Printed Type) Kevin McIntyre	Date 08/21/2008
--	---------------------------------------	--------------------

Title
Regulatory Analyst I

Approved by Signature 	Name (Printed Type) James H. Seeger	Date 01.25.2010
--	--	--------------------

Title
Assistant Field Manager
Lands & Mineral Resources

Office
VERNAL FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

CONDITIONS OF APPROVAL ATTACHED

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

(Instructions on page 2)

NOS 5-19-08

AFMSS# 08P0811A

NOTICE OF APPROVAL

RECEIVED

JAN 28 2010

DIV. OF OIL, GAS & MINING

UDOGM



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE

170 South 500 East

VERNAL, UT 84078

(435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: Kerr McGee Oil & Gas Onshore LP
Well No: NBU 1022-35M
API No: 43-047-50094

Location: SWSW, Sec. 35, T10S, R22E
Lease No: UTU-037167
Agreement: Natural Buttes Unit

OFFICE NUMBER: (435) 781-4400

OFFICE FAX NUMBER: (435) 781-3420

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

Location Construction (Notify Environmental Scientist)	- Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Environmental Scientist)	- Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	- Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to running casing and cementing all casing strings to: ut_vn_opreport@blm.gov .
BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	- Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

SURFACE USE PROGRAM CONDITIONS OF APPROVAL (COAs)

- All new and replacement internal combustion gas field engines of less than or equal to 300 design-rated horsepower must not emit more than 2 gms of NO_x per horsepower-hour. This requirement does not apply to gas field engines of less than or equal to 40 design-rated horsepower.
- All and replacement internal combustion gas field engines of greater than 300 design rated horsepower must not emit more than 1.0 gms of NO_x per horsepower-hour.
- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

SITE SPECIFIC COAs:

Company/Operator: Kerr McGee Oil & Gas Onshore, LP (Anadarko)
Surface Ownership: BLM

Well Name & Number: Natural Buttes Unit Lease Number:

Well Number	Lease
NBU 1022-24O	UTU-0471
NBU 1022-27O	UTU-0473
NBU 1022-34D	UTU-037166
NBU 1022-7I	UTU-0466
NBU 1022-22N	UTU-01198-B
FEDERAL 1022-27M	UTU-0473
NBU 1022-34E	UTU-037166
NBU 1022-34F	UTU-037166
NBU 1022-35M	UTU-037167
NBU 1022-27A	UTU-0473
FEDERAL 1022-27H	UTU-0473
NBU 1022-9N-2T	UTU-01196-D
NBU 1022-05I-3T	UTU-01191

CONDITIONS OF APPROVAL:

- Adhere to Executive Order 5327 of April 15, 1930, stipulations for lands in oil shale withdrawal.
- All applicable local, state, and/or federal laws, regulations, and/or statutes will be complied with.

- All traffic related to this action will be restricted to approved routes. Cross-country vehicle travel will not be allowed.
- No vehicle travel, construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support vehicles and/or construction equipment. If such equipment creates ruts in excess of four inches deep, the soil shall be deemed too wet to adequately support construction equipment.
- The access roads will be crowned and ditched. Flat-bladed roads are not allowed.
- If additional erosion occurs during the life of this project, more culverts, low water crossings, berms, wing ditches or etc. will be needed to control the erosion.
- All secondary drainages shall be rerouted around the location, as needed.
- Low-water crossings will be appropriately constructed to avoid sedimentation of drainage ways and other water resources.
- Pipelines will be buried at all major drainage crossings.
- Prevent fill and stock piles from entering drainages.
- The reserve pit will be lined with a 16 ml or greater liner and doubled felted prior to spudding.
- The liner is to be cut 5 feet below ground surface or at the level of the cuttings, whichever is deeper, and the excess liner material is to be disposed of at an authorized disposal site.
- When the reserve pit contains fluids or toxic substances, the operator must ensure animals do not ingest or become entrapped in pit fluids.
- If paleontological or cultural materials are uncovered during construction, the operator shall immediately stop work that might further disturb or move such materials and contact the Authorized Officer (AO) within 48 hours. A determination will be made by the AO as to necessary mitigation for the discovered paleontological/cultural material.
- If Uinta Basin hookless cactus or other special status plants are found, construction will cease and the AO will be notified to determine the appropriate mitigation.
- The interim seed mix for these locations shall be as follows
 - NBU 1022-05I-3T
 - NBU 1022-24O
 - (*Oryzopsis hymenodites*) 20 lbs/acre
 - (*Stipa comata*) 4 lbs/acre
 - NBU 1022-27A
 - FEDERAL 1022-27H
 - (*Artemisa nova*) 8 lbs/acre
 - (*Atriplex confertifolia*) 8 lbs/acre
 - (*Hilaria jamesii*) 4 lbs/acre
 - (*Stipa comata*) 4 lbs/acre
 - (*Oryzopsis hymenodites*) 4 lbs/acre

FEDERAL 1022-27M

NBU 1022-34D

(<i>Oryzopsis hymenoides</i>)	4 lbs/acre
(<i>Artemisia nova</i>)	6 lbs/acre
(<i>Atriplex confertifolia</i>)	4 lbs/acre
(<i>Hilaria jamesii</i>)	4 lbs/acre

NBU 1022-9N-2T

NBU 1022-27O

(<i>Hilaria jamesii</i>)	12 lbs/acre
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NBU 1022-34E

NBU 1022-34F

(<i>Oryzopsis hymenoides</i>)	8 lbs/acre
(<i>Atriplex confertifolia</i>)	8 lbs/acre
(<i>Artemisia tridentata</i>)	8 lbs/acre

NBU 1022-35M

(<i>Stipa comata</i>)	4 lbs/acre
(<i>Hilaria jamesii</i>)	4 lbs/acre
(<i>Atriplex confertifolia</i>)	8 lbs/acre
(<i>Artemisia nova</i>)	8 lbs/acre

NBU 1022-22N

(<i>Atriplex confertifolia</i>)	8 lbs/acre
(<i>Artemisia nova</i>)	8 lbs/acre
(<i>Artemisia tridentata</i>)	8 lbs/acre

NBU 1022-7I

(<i>Hilaria jamesii</i>)	15 lbs/acre
(<i>Oryzopsis hymenoides</i>)	10 lbs/acre

All pounds are in pure live seed.

- Rates are set for drill seeding; double the rate if broadcasting.
- Reseeding may be required if initial seeding is not successful.

- The operator will be responsible for treatment and control of invasive and noxious weeds.
- The topsoil from the reserve pit shall be stripped and piled separately near the reserve pit. When the reserve pit is closed, it shall be contoured and the topsoil spread, and the area shall be seeded in the same manner as the location topsoil to comply with natural topography.
- Once the location is plugged and abandoned, it shall be contoured to natural topography, topsoil shall be spread, and the entire location shall be seeded with a seed mix recommended by the AO (preferably of native origin). Seed application will follow all guidelines in the interim seed mix bullet statement above. If reclamation seeding should take place using the broadcast method, the seed at a minimum will be walked into the soil with a dozer immediately after the seeding is completed.

- The authorized officer may prohibit surface disturbing activities during severe winter conditions to minimize watershed damage. This limitation does not apply to operation and maintenance of producing wells.
- The authorized officer may prohibit surface disturbing activities during wet or muddy conditions to minimize watershed damage. This limitation does not apply to operation and maintenance of producing wells.
- All well facilities not regulated by OSHA will be painted Shadow Gray.
- All boulders with a length or diameter greater than 3 feet, that are found showing at the surface, will be stockpiled for use during final reclamation.
- Notify the Authorized Officer 48 hours prior to surface disturbing activities.
- To meet protection standards a closed loop drilling system with off-site facilities will be required on NBU 1022-22N, NBU 1022-24O, NBU 1022-34E, NBU 1022-34F.
- To offset impacts to these species, the following time restrictions will be applied to the following wells (No construction, drilling, completion activities will be allowed during nesting season to help protect nesting):

FEDERAL 1022-27H	Red-tailed hawk	March 15 through August 15
NBU 1022-22N	Prairie falcon	April 1 through August 31
NBU 1022-34D	Unknown nests	January 1 through August 31

If it is anticipated that construction or drilling will occur during the given timing restrictions for any wildlife, a BLM or qualified biologist shall be notified so surveys can be conducted. Depending upon the results of the survey, permission to proceed may or may not be recommended or granted (depending on the species being surveyed and the condition of the habitat).

- Federal 1022-27M is located in a crucial pronghorn antelope habitat and a timing restriction will be required to protect the pronghorn during the kidding period of May 15 through June 20. Low profile tanks will be required on this well location.
- NBU 1022-22N, NBU 1022-27O, NBU 1022-34E, NBU 1022-34F are located in a crucial deer fawning habitat and a timing restriction will be required to protect the deer fawns during the fawning period of May 15 through June 30.

***DOWNHOLE PROGRAM
CONDITIONS OF APPROVAL (COAs)***

SITE SPECIFIC DOWNHOLE COAs:

- A copy of Kerr McGee's Standard Operating Practices (SOP version: dated 7/17/08 and approved 7/28/08) shall be on location.
- Drilling plan specifics and practices are referenced in the Kerr McGee Oil & Gas Standard Operating Procedures (SOP version: July 28, 2008). The operators drilling plan items 3 to 9 reference the SOP. Kerr McGee shall adhere to the referenced requirements in the SOP. Kerr McGee and their contractors shall adhere to all Oil and Gas rules and requirements listed in the Code of Federal Regulations and all Federal Onshore Oil and Gas Orders except where variances have been granted.
- Covering air/gas drilling operations, requirements will be adhered to covering air/gas drilling operations as described in Onshore Order #2 III. E. 1. Drilling Operations, Special Drilling Operations, air/gas drilling.
- Production casing cement shall be brought up and into the surface casing. Production casing minimum cement top is 1200 ft. The minimum cement top is approximately 800 ft above the surface casing shoe.
Cmnt Top (TOC) standard will place cmnt behind casing across formation lost circulation zone, Birds Nest Zone.
COA specification fulfills operators performance standard stated in APD (where operators toc is calc'd with an excess to reach surface).
- A Gamma Ray well Log shall be run from the well Total Depth to the surface.
A copy of the Gamma Ray well Log shall be submitted to the BLM Vernal Field Office.
- Operator is to notify BLM Vernal Field Office and active gilsonite mining operator (or lease holder) located within a 2 mile radius, 48 hours prior to pad explosives blasting. Well is not close to gilsonite vein, but on trend to gilsonite vein deposits.

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- All requirements listed in Onshore Order #2 III. E. Special Drilling Operations are applicable for air drilling of surface hole.

- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- While actively drilling, chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**

- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

OPERATING REQUIREMENT REMINDERS:

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - Operator name, address, and telephone number.
 - Well name and number.
 - Well location (¼¼, Sec., Twn, Rng, and P.M.).
 - Date well was placed in a producing status (date of first production for which royalty will be paid).
 - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - Unit agreement and/or participating area name and number, if applicable.
 - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.

- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.
- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.

- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.